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IN THE

Supreme Court of the United States

No. 75-1269

October Term, 1975

ANTHONY J. CALI,

Petitioner.

v.

JAPAN AIRLINES CO., LTD., SCANDINAVIAN AIRLINES SYSTEMS, SCANDINAVIAN AIRLINES SYSTEM, INC. and KLM ROYAL DUTCH AIRLINES,

Respondents.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

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Respondents.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

Petitioner, Anthony J. Cali (Cali) respectfully prays that a Writ of Certiorari be granted to review the Judgment of the United States Court of Appeals for the Second Circuit entered in this cause on December 8, 1975 (24a).

OPINIONS BELOW

The Order of the United States District Court for the Eastern District of New York (22a, 23a) entered February 5, 1975 dismissing the complaint was based upon an opinion reported at 380 F.Supp. 1120, and printed herein at 1a.

This opinion upheld the constitutionality of Article 27 of the Chicago Convention which granted immunity to foreign airlines from patent infringement in the United States, as well as construing 35 U.S.C. 272 and Article 5ter of the Paris Convention in a way to constitutionally sustain the immunity of foreign airlines. The Court of Appeals of the Second Circuit affirmed, per curiam, in an unreported order on December 8, 1975 (24a).

JURISDICTION

The Court's jurisdiction is invoked under §1254 of Title 28 of the United States Code. This petition is filed within 90 days of the Judgment of the Court of Appeals.

QUESTIONS PRESENTED

1. Does the Patent Clause, Article I, Sec. 8, cl 8, which requires the securing to the inventor of the exclusive Right to his invention, make "exclusivity" a Constitutional standard of grant, except where just compensation is provided?

> "The Congress shall have Power . . . To promote The Progress of Science and Useful Arts by *securing* for limited times to Authors and Inventors the *exclusive right* to their respective Writings and Discoveries."

2. Does Congress have the constitutional power under the Patent Clause to grant, by treaty or statute, to foreign air carriers who have substantial permanent domestic presence, a royalty free license for "large" domestic uses of a patented invention, without violating the constitutional standard of grant?

THE TREATIES AND STATUTES INVOLVED

Article 27 of the Chicago Convention

(a) While engaged in international air navigation, any authorized entry of aircraft of a contracting State into the territory of another contracting State or authorized transit across the territory of such State with or without landings shall not entail any seizure or detention of the aircraft or any claim against the owner or operator thereof or any other interference therewith by or on

behalf of such State or any person therein, on the ground that the construction, mechanism, parts, accessories or operation of the aircraft is an infringement of any patent, design, or model duly granted or registered in the State whose territory is entered by the aircraft, it being agreed that no deposit of security in connection with the foregoing exemption from seizure or detention of the aircraft shall in any case be required in the State entered by such aircraft.

(b) The provisions of paragraph (a) of this Article shall also be applicable to the storage of spare parts and spare equipment for the aircraft and the right to use and install the same in the repair of an aircraft of a contracting State in the territory of any other contracting State, provided that any patented part or equipment so stored shall not be sold or distributed internally in or exported commercially from the contracting State entered by the aircraft.

(c) The benefits of this Article shall apply only to such States, parties to this Convention, as either (1) are parties to the International Convention for the Protection of Industrial Property and to any amendments thereof; or (2) have enacted patent laws which recognize and give adequate protection to interventions made by the nationals of the other States parties to this Convention.

Article 5 *ter*

In each of the contracting countries the following shall not be considered as infringements of the rights of a patentee:

1. the use on board vessels of other countries of the Union of devices forming the subject of his patent in the body of the vessel, in the machinery, tackle, gear and other accessories, which such vessels temporarily or accidentally enter the waters of a country, provided that such devices are used there exclusively for the needs of the vessel;

2. the use of devices forming the subject of the patent in the construction or operation of aircraft or land vehicles of other countries of the Union, or of accessories to such aircraft or land vehicles, when those aircraft or land vehicles temporarily or accidentally enter the country.

35 U.S.C. §272

§272. Temporary presence in the United States

The use of any invention in any vessel, aircraft or vehicle of any country which affords similar privileges to vessels, aircraft or vehicles of the United States, entering the United States temporarily or accidentally, shall not constitute infringement of any patent, if the invention is used exclusively for the needs of the vessel, aircraft or vehicle and is not sold in or used for the manufacture of anything to be sold in or exported from the United States.

THE NATURE OF THE CASE

This action was brought by Cali, an individual inventor, against three major foreign airlines, Japan Airlines Co., Ltd. (JAL), KLM Royal Dutch Airlines (KLM), Scandinavian Airlines System (SAS) and Scandinavian Airlines System, Inc. There is no dispute that the subject matter of the patent, although made outside of the United States, was used on engines of these airlines in regularly scheduled flights to and from the United States. The usual issues of validity and infringement were not before the lower courts.

A threshold issue relating to the constitutionality of the immunity defense based upon treaty and statute was resolved without trial by pretrial motions to dismiss. The immunity was based on Article 27 of the Chicago Convention in 1945, a broad treaty which extinguished

claims of infringement against aircraft of a foreign state and 35 U.S.C. §272; and, the similarly worded Paris Convention, Article 5ter par. 2, which declared that the temporary presence of aircraft of a foreign country was not an infringing use.

Judge Dooling's opinion (1a) went to the merits of the defense. He upheld the validity and constitutionality of the treaties and statute and gave a broad scope to these defenses. The threshold issue was decided against Cali and became dispositive of the case and judgment was entered dismissing the complaint (22a, 23a). The Court of Appeals affirmed.

REASONS FOR GRANTING THE WRIT

The lower court decisions are inconsistent with prior decisions of this Court which grant to the inventor who obtains a patent the exclusive right of his invention unless there is just compensation when a compulsory license is required. Here, a royalty free license has been legislated and decreed as an exemption.

The scope of exemption from acts of patent infringement accorded to international carriers has been the subject of one prior case of this Court, *Brown v. Duchesne*, 60 U.S. (19 How) 183 (1957). The holding of *Brown v. Duchesne* was codified in 35 U.S.C. 272. While *Brown v. Duchesne* and the statute 35 U.S.C. 272 reflect the limitations imposed by the United States Constitution, Article 1, Sec. 8, cl 8 in granting patent immunity, such concern is completely absent in the Chicago Convention which extinguishes any possible right to a claim of patent infringement by a United States national with respect to international airlines.

If the breadth of Article 27 of the Chicago convention is

constitutionally valid, it bars Cali's claim against defendant foreign airlines. The lower court found as a fact that the uses of defendants were "large" and a "very great subtraction" (17a) and were not insubstantial as was the case in *Brown v. Duchesne.*

We submit this Petition should be granted because the United States Constitution, Article I, Sec. 8, Cl 8, requires Congress to secure exclusive rights to inventors. Royalty free licenses may not be reserved, even for the United States government.

The lower court recognized that this Court in *Brown,* differentiated between a profitable use of a patent by making and selling as opposed to "the trifling use of the gaff improvement" and he recognized that the Supreme Court "saw no real damage sustained by the plaintiff."

The "trifling" damage aspect, we submit, was a prerequisite of the *Brown* rationale, which distinguishes it from the "great subtraction" of the patentee's rights which is presented here. Congress does not have the authority to divest a large part of the inventor's rights to the exclusive use of his invention, which we contend derives from a Constitutional standard.

We submit that there is a Constitutional standard of exclusivity as to the scope of a patent grant, as well as a Constitutional standard as to the prerequisite of a grant.

In *Graham v. John Deere Co.*, 383 U.S. 1 (1966), the Court noted that the standard of validity requires references to a "standard written into the Constitution", citing *A&P Tea Co. v. Supermarket Corp.*, 340 U.S. 147, 154 (1950). See also, *Anderson's-Black Rock, Inc. v. Pavement Salvage Co.*, 396 U.S. 57, 61 (1969), where this Court said that the "patent standard is basically constitutional" and which also summarizes the settled

limitation on Congressional power. This is based on Article I, Sec. 8, Cl 8, which clause is "both a grant of power and a limitation" *Graham, supra,* 383 U.S. at 5. Congress must meet a Constitutional standard of i vention because the Constitution requires that "Progress" and only "Inventors" may be given the "exclusive Rights". Congress must give weight to these words. Congress does not have complete free rein, although it may set out the conditions and tests for patentability which comport with "Constitutional strictures", *Graham, supra,* 383 U.S. at 17.

The standard of grant is even more clearly spelled out by the word "exclusive". Congress, we submit, lacks the power to grant a non-exclusive exception to the United States government, a foreign government, or the foreign airlines. The patent statute is derived from a standard: "it may not be ignored." *Graham, supra,* 383 U.S. at 6.

An even-handed application of the Constitution requires a reference to a Constitutional standard both as to the inventor's contribution (in meeting the high standard of patentability) and as to his reward (the "exclusive Right"). The standard of reward must be interpreted in the light of a Constitutionally mandated exclusive right. As stated in *A&P, supra,* at 340 U.S. at 154:

> "The purpose is 'To Promote the Progress of Science and useful Arts.' The means for achievement of the end is the grant for a legitimate time to inventors of the exclusive right to their invention."

The Constitution states that Congress has the power of "securing" to "Inventors" the "exclusive Right". And, if the inventor meets the conditions of patentability, the Constitution intends and expressly states that exclusive rights should be secured.

Therefore, we submit that a Constitutional standard of grant exists which applied to a standard of patentability, applies as well as a standard of grant.

A further reason for granting this petition is because the Courts below failed to give proper weight to prior decisions of this Court which have held that Congress cannot grant less than exclusive rights and reserve to the U.S. or others non-exclusive rights based on the patent power or any other power.

Under the Patent Clause, therefore, Congress cannot grant any royalty free license to the United States government. In *Cammeyer v. Newton*, 94 U.S. 226, 234 (1876), this Court said:

> "Conclusive support to that porposition is found in a recent decision of this court, in which it is held that the government cannot, after the patent is issued, make use of the improvement any more than a private individual, without license of the inventor or making compensation."

These rights are guaranteed by the Patent clause of the Constitution. *Cramp & Sons v. Curtis Turbine Co.*, 246 U.S. 28, 40 (1918); *Hollister v. Benedict Manufacturing Co.*, 113 U.S. 59, 67 (1884).*

If the Patent clause requires the securing of exclusive rights as a Constitutional standard, the question may then be asked whether any other Constitutional power justifies a

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*The issue should be determined by the power of Congress based upon the Patent Clause. As was said in *Brown* (60 U.S. at 194):

"The question depends on the construction of the patent laws."

The patent right which is to be accorded by the Constitution, cannot be limited by treaty.

As said in *Brown* (60 U.S. at 197):

"And it will be remembered that the demand, if well founded in the patent laws could not be controlled or put aside by treaty."

royalty free license to a private party.

This is the first case in which any Court has granted, by decree, a royalty free license as being within the Constitution, apart from violations of the antitrust laws, where the use is not minimal and the patentee's property was diminished in value. Congress is, thus, given the authority to grant what amounts to royalty free licenses for large or even great uses; that is, large in the sense of a large subtraction of a patentee's right.

The Court below gave a pre-eminent position to the power of Congress to conduct foreign trade by treaty. However, Congressional sources of power deal with other national priorities which are even more important than foreign trade. In such cases, the right to decree royalty free licenses to the United States government has been denied.

We contend that what Congress could not grant to the United States government (in terms of royalty free licenses), it could not grant to a private party. That is, if Congress could not confer a royalty free license to the United States government (either for the purpose of conducting national defense or international trade), it could not confer to JAL, KLM, or SAS, for that matter, Pan Am or TWA.

In *Belknap v. Schild*, 161 U.S. 10, 15 (1895), this Court said:

> "In England, the grant of a patent for an invention is considered as simply an exercise of the royal prerogative, and not to be construed as precluding the Crown from using the invention as its pleasure; and therefore a petition of right cannot be maintained against the Crown for using a patented invention; although a private person or corporation, that has contracted to supply the government with articles embodying the invention, may be sued for infringement of the patent. (Citations omitted.)

"But, in this country, letters patent for inventions are not granted *in the exercise of perogative, or as a matter of favor*, but under Art. 1, Sec. 8, of the Constitution of the United States, which gives Congress power 'to promote the progress of science and useful arts, by securing for limited terms to authors and inventors the exclusive right to their respective writings and discoveries. Rev. Stat. §4884. *And this Court has repeatedly and uniformly declared that the United States have no more right than any private* person to use a patented invention without license of the patentee or *making compensation to him.*" (Emphasis ours.)

See also *U.S. v. Palmer*, 128 U.S. 262, 270-271 (1898) and *Hollister v. Benedict Manufacturing Co.*, 113 U.S. 67 (1888).

In national defense cases, where a similar issue arose before, this Court has held that a patentee's rights is exclusive and that Congress does not have the power or the right to give a royalty free license. Congress does not act like the English crown. See *James v. Campbell*, 104 U.S. 356, 358 (1881).

This Court has recognized the Constitutional character of a patentee's involving the public and national need to obtain military equipment even during war. We submit this was of equal or of greater importance than the public interest in promoting international air navigation. In *Cramp & Sons v. Curtis Turbine Co.*, 246 U.S. 28 (1918), this Court held that private contractors producing equipment for wartime purposes (two torpedo boat destroyers in the middle of World War) were not in any way immune from suit.

This decision did not produce national chaos. The matter was simply solved by a Congressional amendment which essentially extended the right of eminent domain to

private contractors performing work for the government and provided for just compensation to the patentee. See *Richmond Screw Anchor Co. v. U.S.*, 275 U.S. 331, 342-3 (1928), where the Supreme Court referred to testimony by the Acting Secretary of the Navy that *Cramp* case restricted "vital activities" of the Navy and posed "severe consequences" and promised "serious disadvantages of the public interest".

It is thus clear that the patentee's right of property is sufficiently strong, and giving due regard to Congressional military powers with respect to the declaration of war, appropriation of funds for war, and the President's power to conduct warfare as Commander-In-Chief, to be fully recognized by this Court during wartime. This Court has never accepted an argument of immunity for a claim of patent infringement, even on the part of the United States government or for the purpose of national defense in circumstances of war.

Defendants have relied on *Radio Position Finding Corporation v. Bendix*, 205 F.Supp. 850 (D. Md. 1962), aff'd. 371 U.S. 577 (1963). However, this case is addressed to the determination of the scope of rights granted to an extension patent monopoly under a private law, after the original patent expires and *where just compensation by royalty is provided. Radio Position* leaves the issue presented here open.

They further rely on a recent decision, *Twentieth Century Music Corporation v. George Aiken*, —— U.S. ——, 45 L.Ed.2d 84, 186 U.S.P.Q. 65 :1975; wherein this Court held that the use of a broadcast in an entertainment and business establishment was not an infringement since it was not a performance. Copyright cases involve a performer and a viewer. A viewer is a passive beneficiary.

The copyright owner receives his tribute from the performer. Having licensed and received revenue, the copyright owner cannot complain about lack of exclusivity or lack of just compensation. No royalty free license was there legislated, as is the case here. The copyright owner thus receives a "fair return" or just compensation as a royalty based on the original performance.

CONCLUSION

We submit that this Petition should be granted to resolve the underlying question as to whether the patent clause of the Constitution precludes Congress from legislating royalty free patent licenses.

Respectfully submitted,

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APPENDICES

Anthony J. CALI, Plaintiff,

v.

**JAPAN AIRLINES, INC., et al.,
Defendants.**

No. 73 C 1596

United States District Court,
E. D. New York.
Aug. 20, 1974.

Suit charging international air carriers, which were air carriers of their respective national states, with infringing United States patent relating to modification introduced into JT-4 jet engines. Plaintiff moved for summary judgment in substance striking defenses based on patent statute and on Article 5ter of the Paris Convention for the Protection of Industrial Property of 1958 and Article 27 of the Chicago Convention on International Civil Aviation of 1944, to both of which conventions the respective national states were parties. The District Court, Dooling, J., held that constitutional provision empowering Congress to issue patents is not self-executing, that patent law must not be interpreted to abridge the nation's capacity to carry on its treaty-making powers and its power to regulate foreign commerce, that substantiality in subtractions of use from exclusiveness of grant of a patent is within the treaty-making power, that defendant's use for the modified JT-4 jet engine in regular transoceanic passenger and freight service to and from the United States fell within the

protection from infringement afforded by statute and Conventions, notwithstanding use of words "temporary" and "accidental" in statute and the Paris Convention.

Motion denied.

1. Patents 3

Constitutional provision empowering Congress to promote progress of science and useful arts by securing for limited times to inventors the exclusive right to their respective discoveries is not self-executing; it empowers but does not command Congress to grant patent rights; source of any specific patent right is the statute which defines the nature and extent of the patent right granted. U.S.C.A. Const. art. 1, §8, cl. 8; 35 U.S.C.A. §§ 101, 154.

2. Commerce 1
Patents 2
Treaties 2

Power to regulate commerce and the treaty-making powers are separate and distinct powers of the general government and are not connected with the power, domestic in its character, to promote the progress of science by securing to inventors for a limited time the exclusive right to their discoveries. U.S.C.A. Const. art. 1, § 8, cl. 8; 35 U.S.C.A. §§ 101, 154.

3. Patents 189

Patent laws are not intended to have extraterritorial operation. U.S.C. A. Const. art. 1, §8, cl. 8; 35 U.S.C.A. §§ 101, 154.

4. Commerce 53
Patents 3
Treaties 2

Patent law must not be so interpreted as to impair the treaty-making capacity of the nation or to clog its power to regulate foreign commerce since that would make patent grants a surrender pro tanto of sovereignty to private persons. U.S.C.A. Const. art. 1, § 8, cl. 8; 35 U.S.C.A. §§ 101, 154.

5. Patents 181

Unless the language of the patent statute plainly compels it, the statute must not be taken to grant rights in terms so broad that existing or later treaties must necessarily constitute a "taking" of some part of the patentee's grant. U.S.C.A. Const. art. 1, § 8, cl. 8; 35 U.S.C.A. §§ 101, 154.

6 Patents 260

Word "temporarily" within statute providing that use of any invention in an aircraft entering the United States temporarily shall not constitute patent infringement and comparable provisions of the Paris Convention for the Protection of Industrial Property of 1958 does not mean any less than entrance for the purpose of completing a voyage, turning about, and continuing or commencing a new voyage. 35 U.S.C.A. § 272.

See publication Words and Phrases for other judicial constructions and definitions.

7. Patents 328(2)

Patent No. 3,265,290, which relates to modification introduced into JT-4 jet engines, was not infringed by

regular use of patented engine in air service to the United States by transoceanic commercial air carriers, which were air carriers of their national states; use of engines in regular international service to the United States did not put carriers outside scope of protection from infringement claims afforded by Article 5ter of the Paris Convention for the protection of Industrial Property of 1958, Article 27 of the Chicago Convention on International Civil Aviation of 1944 or patent statute governing temporary presence in United States of foreign aircraft using patented inventions. U.S.C.A. Const. art. 1, § 8, cl. 8; 35 U.S.C.A. §§ 101, 154, 272.

8. Patents 189

Substantiality in the subtraction of use from the exclusiveness of the grant of a patent governing an invention applicable to an aircraft is within the treaty-making power; such substantial subtraction falls within scope of the Paris Convention for Protection of Industrial Property of 1958, the Chicago Convention on International Civil Aviation of 1944 and similar patent statute, notwithstanding use of word such as "temporary" and "accidental" when referring to entry into the United States; also, such subtraction is not limited to patent rights that are without commercial significance. U.S.C.A. Const. art. 1, § 8, cl. 8; 35 U.S.C.A. §§ 101, 154, 272.

9. United States 97

Once the United States has granted a patent under existing patent law, it is itself required to pay tribute to the patentee if it uses the patent; however, the government can take, by condemnation, a license under the patent if required for a public use. U.S.C.A. Const. art. 1, § 8, cl. 8; 35 U.S.C.A. §§ 101, 154.

10. Patents 258

Implicit in grant of a patent is the right to limit infringement claims in connection with use of an invention in foreign commerce; provisions of international conventions and treaties limiting infringement claims as regards the use of an invention in vehicles of foreign commerce are integral limitations on grant of a patent for such inventions. U.S.C.A. Const. art. 1, § 8, cl. 8; 35 U.S.C.A. §§ 101, 154, 272.

* * *

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MEMORANDUM and ORDER

DOOLING, District Judge.

The claims of the Cali patent (No. 3,265,290) relate to a modification introduced into JT-4 jet engines in which the seventh stage vane and shroud assembly of the low pressure compressor is affixed to the fairing by welding or by tie-rods. The plaintiff alleges that the defendant international air carriers have infringed the patent by using JT—4 engines so modified in their flights to and from the United States and their overflights of the United States in the course of the regular prosecution of their scheduled air services to this country. It is not claimed that any defendants either made or sold any engines covered by the claims of the patent in the United States. It is claimed that they have regularly used the patent within this country in their regular air services to this country. Plaintiff points out, and it is undeniable, that all three defendants are major transoceanic carriers and that their passenger and freight services to the United States and over the United States are regular, of very considerable extent, long continued, and supported by ground service, marketing facilities, etc. Defendants' uses of the engines have been exclusively for the flight needs of their aircraft, and all three defendant carriers are foreign carriers and are subject to the restrictions of law applicable in this country to foreign carriers. All three are authorized by the CAB to conduct the air services to and from the United States which they are conducting and, in that sense, the entries of their aircraft into the United States are authorized entries. The defendant aircraft are "aircraft of other countries," and are "aircraft of" their respective national states.

The defendants contend (without conceding that the

patent is valid or has been infringed) that, even if the patent is valid and the engines used in certain of their aircraft would be infringing engines if made or sold or used in the United States, their use of the invention of the patent in their aircraft does not constitute infringement of the patent because of the provisions of 35 U.S.C. § 272 and the provisions of Article 5ter of the Paris Convention for the Protection of Industrial Property of 1958, which came into force for the United States on January 4, 1962, and of Article 27 of the Chicago Convention on International Civil Aviation of 1944, which came into force for the United States April 4, 1947, to both of which conventions the United States, Denmark, Norway, Sweden, Japan and The Netherlands became and are parties.

Section 272 of the patent law first appeared in the codification of July 19, 1952 (66 Stat. 812). So far as relevant it provides:

> "The use of any invention in any . . . aircraft . . . of any country which affords similar privileges to . . . aircraft . . . of the United States, entering the United States temporarily or accidentally, shall not constitute infringement of any patent, if the invention is used exclusively for the needs of the . . . aircraft . . . and is not sold in or used for the manufacture of anything to be sold in or exported from the United States."

Article 5ter of the Paris Convention is very similar in language. It provides:

> "In each of the countries of the Union the following shall not be considered as infringement of the rights of a patentee:
>
> * * *
>
> 2. The use of devices forming the subject of the

patent in the construction or operation of aircraft . . . of other countries of the Union, or of accessories to such aircraft . . . when those aircraft . . . temporarily or accidentally enter the country."

The Chicago Convention on International Civil Aviation, at least in form, seems much more inclusive in defining the exempted uses, although its language presents some difficulty. It provides in Article 27:

> "(a) While engaged in international air navigation, any authorized entry of aircraft of a contracting State into the territory of another contracting State or authorized transit across the territory of such State with or without landing shall not entail . . . any claim against the owner or operator thereof . . . by or on behalf of such State or any person therein, on the ground that the construction, mechanism, parts, accessories or operation of the aircraft is an infringement of any patent . . . duly granted . . . in the State whose territory is entered by the aircraft . . . .
>
> * * *
>
> "(c) The benefits of this Article shall apply only to such States parties to this Convention, as either (1) are parties to the International Convention for the protection of Industrial Property and to any amendments thereof; or (2) have enacted patent laws which recognize and give adequate protection to inventions made by the nationals of the other States parties to this Convention."

The United States, Denmark, Norway, Sweden, Japan and The Netherlands are all parties to the Convention referred to and hence Article 27 applies to them.

Plaintiff emphasizes that Article I, Section 8, of the Constitution empowers the Congress "To promote the Progress of Science and useful Arts, by securing for limited Times to . . . Inventors the exclusive Right to their respective . . . Discoveries"., that 35 U.S.C. § 101 accords the inventor or discoverer of "any new and useful . . . machine . . . or any new and useful improvement thereof" the right to obtain a patent upon it, and that 35 U.S.C. § 154 provides that

> "Every patent shall contain . . . a grant to the patentee . . . for the term of seventeen years, of the right to exclude others from making, using, or selling the invention throughout the United States . . . ."

Plaintiff argues that if an invention is patentable, the Government is constitutionally precluded from according the inventor anything less than the exclusive grant described, in the Constitution and provided for in Section 154. Plaintiff argues that, in consequence, there can be no exception from the patent grant of foreign air carriers' regular and extensive uses of patentable inventions in the United States even if their uses are wholly confined to the needs of international air navigation, since that would make the patent grants non-exclusive, and the Congress has neither the power, constitutionally, so to limit patent grants nor has it done so in Section 154. Article 27 of the Chicago Convention is, therefore, plaintiff argues, invalid since it plainly licenses a very wide area of use, creates a wide rift of non-exclusivity in every patent covering articles incorporated in aircraft and needed in their navigation. Further, Plaintiff argues, Section 272, was first enacted after the Chicago Convention last came into effect and, enacted in far narrower terms, must be considered to have

superseded Article 27 or, if not, at least greatly to have narrowed its field of application; and plaintiff contends, the same must be said of the Paris Convention, most recently amended and reconfirmed in 1962. Finally, Plaintiff argues, Section 272 itself (and Article 5ter of the Paris Convention), which relates only to foreign aircraft "temporarily or accidentally entering" this country, cannot be taken to cover the maintenance of a regular and systematic international aircraft service to the United States, including overflights of it.

It is concluded that the statute, Section 272, and the Paris Convention, Article 5ter, cannot be so narrowly interpreted as plaintiff contends, and that Article 27 of the Chicago Convention, Article 5ter, of the Paris Convention, and Section 272, are constitutionally valid as applied to the defendants' uses of plaintiff's patented engines, and, therefore, accord defendants a complete defense to the claims against them for patent infringement.

[1] The constitutional provision is not self-executing. It empowers but does not command the Congress to grant patent rights, and the source of any specific patent right is the statute which defines the nature and extent of the patent right granted. See Deepsouth Packing Co. v. Laitram Corp., 1972, 406 U.S. 518, 525-526, 92 S.Ct. 1700, 32 L.Ed.2d 273. In Mast, Foos & Co. v. Stover Mfg. Co., 1900, 177 U.S. 485, 494, 20 S. Ct. 708, 712, 44 L.Ed. 856, the court observed sharply.

> "Congress having created the monopoly, may put such limitations upon it as it pleases."

Brown v. Duchesne, 1857, 60 U.S. (19 How.) 183, 15 L.Ed. 595 underlies Section 272. In that case, plaintiff sued defendant for infringing plaintiff's patent on a construction in a gaff for sailing vessels, charging that

defendant had used the gaff improvement at Boston without consent. Defendant pleaded that he used the improvement only in the gaffs of a French schooner of which he was the master, being himself a subject of France, the vessel being one built in France and owned and manned by French subjects, and, at the time of the alleged infringement, upon a lawful journey under the flag of France from a colony of France to Boston and back to the colony, that the voyage was not ended on the date of the alleged infringement and that the gaffs were placed on the schooner at or near the time of her launching by the builder in order to fit her for the sea. The patentee demurred to the defense, and the Court treated the case as presenting the question whether any improvement in the construction or equipment of the foreign vessel on which there was a United States patent could be used by the vessel within the United States "while she is temporarily there for the purpose of commerce, without the consent of the patentee." 60 U S. (19 How.) at 194.

[2, 3] The language of the patent laws, the Court agreed, was clear enough, if read literally, to apply to the use of the gaff improvement involved in the case. However, the Court thought that the power granted to the Congress to pass patent and copyright laws conferred "no power on Congress to regulate commerce, or the vehicles of commerce, which belong to a foreign nation, and occasionally visit our ports in their commercial pursuits." 60 U.S. (19 How.) at 195. The power to regulate commerce and the treaty making power are separate and distinct powers of the general government and not connected with the power "domestic in its character" (*Id.*) to promote the progress of science by securing to inventors for a limited time the exclusive right to their discoveries. The patent laws are not

intended to have extraterritorial operation. The Court differentiated between a profitable use of a patent, as by manufacturing gaffs in Boston and selling them there and the trifling use of the gaff improvement made by the French schooner in simply coming into port and ceasing to use the gaff when the vessel came to dockside. In this the Court saw no "real damage" sustained by the plaintiff, and no advantage gained by the defendant in the schooner's single trip or occasional trips into the United States. Although damage was presumed for purposes of maintaining an action in such cases, the Court noted, the patent laws do not embrace improvements on foreign ships lawfully made in their own country, for so to view the patent law would be to confer on the patentee the power to exact damages where no real damages had been sustained, and where to do so would seriously embarrass the commerce of the country with foreign nations. Further, such a construction, as the patentee called for, "would confer on patentees not only rights of property, but also political power, and enable them to embarrass the treaty-making power in its negotiations with foreign nations, and also to interfere with the legislation of Congress when exercising its constitutional power to regulate commerce." 60 U.S. (19 How.) at 197. The Court noted further that if the law was so interpreted, then the rights of the patentee could not be put aside by any treaty entered into by the United States. *Id.* Brown v. Duchesne rejected the holding of an English case, which had reached a precisely opposite result; the English case was apparently promptly followed by the enactment of a statute, in 1852, providing that future patents should not extend to prevent the use of the invention in any foreign ship or for the navigation of any foreign ship in British ports, if the invention was not used for the manufacture of articles to be vended within or

exported from Britain, provided that the new enactment's benefit should not extend to ships of any foreign state that failed to extend a similar benefit to British ships.

It will be seen that Brown v. Duchesne is to some extent the source of the ideas and language in Section 272, and that, independent of the existence of Section 272, the approach of Brown v. Duchesne to the problem approximated the British statutory solution.

The United States entered into the Paris Convention for the Protection of Industrial Property long before Section 272 was enacted in 1952. Article 5ter, in the 1925 and 1934 versions of the Paris Convention, if not in earlier ones, covered both vessels and air and land engines. The 1934 article provided that the use of any article forming the subject matter of a patent in the construction or operation of air or land locomotive engines of the other countries of the Union, or of accessories to these engines, when the latter enter the country temporarily or accidentally, should not be considered as infringing the rights of a patentee in any of the countries of the Union. The revisers note to Section 272 indicates that the Section was intended to follow the "requirement" of the Paris Convention to which the United States was a party, and that it also clarified the holding of the Supreme Court "that use of a patented invention on board a foreign ship does not infringe a patent."

[4, 5] Although the Court might phrase it differently today, Brown v. Duchesne means at minimum that the patent law must not be so interpreted as to impair the treaty-making capacity of the nation or to clog its power to regulate foreign commerce (since that would make patent grants a surrender *pro tanto* of "sovereignty" to private persons, cf. Norman v. Baltimore & O. R. Co., 1935, 294

U.S. 240, 316, 55 S.Ct. 407, 79 L.Ed. 885; Home Building & Loan Ass'n v. Blaisdell, 1934, 290 U.S. 398, 442-444, 54 S.Ct. 231, 78 L.Ed. 413), and that, hence, unless the language of the patent statute plainly compels it, the statute must not be taken to grant rights in terms so broad that existing or later treaties must necessarily constitute a "taking" of some part of the patentee's grant. The Court emphasized the "no damage" aspect in reaching its conclusion, but that does not mean that the Court was holding that only trivial uses could be considered non-infringing uses. The Grant of the patent then, as now, granted the patentee the right to exclude others from making, using, or selling the article of the patent; the Court was dealing with an article made in France, sold in France and used in transoceanic travel and, finally, used to make and leave port on a voyage to the United States. The shipowner's significant uses of the art of the gaff patent were foreign to the United States, although the gaff was presumably indispensable for making and leaving port. Such a use within the United States would not, perhaps, today be characterized as trivial and non-damaging since it was ienvitable and necessary, but it was not in fact different in kind and use-value from a foreign-owned aircraft's use of the Cali patent in one or more of its engines to land, turn about and take off.

In any event, the United States has in substance so interpreted its own patent laws in unhesitatingly becoming a party to the Paris Convention and the Chicago Convention, both of which specifically deal with the very subject matter of Brown v. Duchesne and Section 272, and do so in an historical evolution which furnishes an insight into the meaning of the word "temporarily" as used in the phrase "entering the United States temporarily or accidentally." Counsel have cited a passage from the record

of the proceedings at the Hague Conference indicating that in a committee meeting in connection with the 1925 consideration of Article 5ter, subparagraph 2, the question of the significance of "temporarily" was brought up for discussion; the committee indicated that the words "temporarily" and "accidentally" were chosen to cover entries into port for more or less brief periods whether periodically or exceptionally and whether unintentionally or not.

[6] The enactment of Section 272 and the adoption of Article 5ter would be incomprehensible if they were intended to cover only trivia. Their adoption implies that they were understood to create a useful immunity from infringement liability that was of enough importance to occupy the attention of the Congress and the negotiators of two treaties. Their language was chosen to deal with an internationally significant matter arising in a world in which scheduled freight and passenger services by established international carriers by air and sea were likely to require such an immunity to cover countless articles aboard aircraft or vessels that could turn out to be covered by patents in the United States that were without counterpart abroad. It is difficult to see any other purpose in Section 272 and Article 5ter than to meet the needs and realities of international trade and navigation. "Temporarily," then, could not sensibly mean any less than entering for the purpose of completing a voyage, turning about, and continuing or commencing a new voyage. The distinction would be between a Caravelle, manufactured in France and powered with such an engine, delivered here for use by an airline in this country for domestic traffic, even though manufactured and sold in France, and a foreign aircraft arriving here on an international flight only to unload, turn about, reload and depart.

But if that interpretation of Section 272 and Article 5ter were doubtful, the interpretation of Article 27 of the Chicago Convention is far too clear to debate and it is not, it is understood, claimed that Article 27 of the Chicago Convention is not literally sufficient to accord the defendant airlines a defense if it is valid. It is suggested that it is invalid simply because it is broader than Brown v. Duchesne, Section 272 and Article 5ter which may be taken among them to mark the constitutional limit of what may be subtracted from the grant to the patentee of the right to exclude all others from the use of his patent, and, in the case of the 1958 amendment and repromulgation of the Paris Convention, may be even taken as impliedly reducing the scope of any broader immunity that might be thought to have been granted by Article 27. However, the statute, including Section 272, and the two treaties are not inconsistent one with the other. For example, Article 27 says nothing about accidental entires (which might well not be authorized entries). But even if that were not so, the coexistence of the two treaty provisions is understandable and does not argue an inconsistency. The Paris Convention is not limited to aircraft or vessels or temporary or accidental entries. It covers the whole field of the Protection of Industrial Property "understood in the broadest sense" and it applies "not only to industry and commerce proper, but likewise to agricultural and extractive industries and to all manufactured or natural products" (Article 1 of the Paris Convention). The Chicago Convention is devoted to International Civil Aviation and not to the Protection of Industrial Property Rights; it deals with the facilitation of international aviation and the elimination of blocks and clogs to it. The two subjects intersect at the point where each considers patents used in international navigation by carriers foreign to the patent-granting country, and caution

suggests that both treaties deal with the subject so that no argument could ever be made that one treaty, by failing to deal with it, impliedly repealed a provision in an earlier treaty.

[7, 8] It does not quite appear to be argued that the defendants and their aircraft are not "of" foreign countries or national states within the potential scope of Section 272 and Articles 5ter and 27. The argument seems rather to be that the particular airlines involved, given the magnitude of their carrier operations between foreign countries and this country, are such that the airlines are comparable to American airlines in the extent of their use of the article of Cali's patent, and that, in consequence, the subtraction from the grant to Cali of the right to exclude others from the use of his patent is a very great subtraction and one hardly tolerable under the statutory and treaty language, which might be thought to deal only with relatively unimportant ("temporary" and "accidental") invasions of the patent right that are without commercial significance. That subtraction, although large, appears nevertheless plainly to be what the statutory and treaty immunities intend; substantiality in the subtractions of use from the exclusiveness of the grant of such patents as that to Cali, while not unreal, is within the treaty-making power. The foreign carriers' use is, in fact, not comparable to domestic airline use of the patent right; the sharply delimiting functional language greatly narrows the tolerated use.

[9, 10] It is suggested that a treaty diluting the exclusivity of the grant to Cali has to be regarded as, in essence, a governmental "taking." It is pointed out—and it is true—that once the United States has granted a patent under the existing patent law, it is itself required to pay tribute to the patentee if it uses the patent; as the govern-

ment, it can take by condemnation a license under the patent (in effect) if required for a public use. But plaintiff's argument is circular when used to equate an exercise of the treaty-making power, or of the power to amend the patent statute, as a "taking" of patents not granted until after the treaty has been made or the statute amended. It starts from the premise that the nation's enactment of a general statute authorizing the grant to patentees of the right to exclude others from the making, selling and using of an article or process, excludes the United States from reserving the power by treaty or law to create as it were royalty free licenses under future-granted patents to foreign carriers to the limited extent spelled out in Section 272, Article 5ter and Article 27. The argument, thus, assumes that the rights of all patentees generally are paramount to the government's legislative power and its power to grant treaty rights to international carriers under American patents. Whatever might have been the case as to patents granted before Brown v. Duchesne, it has not been the case as to patents granted since the expiration of the patents then extant. All such later patents have Brown v. Duchesne read into them. The patent to Cali was granted in 1966, after Section 272 had been passed and after Articles 5ter and 27 had been included in the two Conventions here directly involved. They were integral limitations on the grant. The enactment of the patent law under the constitutional provision simply was not a compact with all future inventors never to make such treaties as the Paris and Chicago Conventions and never to add a Section 272 to the patent laws. That is what Brown v. Duchesne decided in pointing out that the patent law must not be interpreted to abridge the nation's capacity to carry on its treaty-making

powers and its power to regulate foreign commerce.

It follows that plaintiff's motion for summary judgment in substance striking the defenses based on Section 272 and on Article 5ter of the Paris Convention and Article 27 of the Chicago Convention must be in all respects denied.

It is so ordered.

MEMORANDUM AND ORDER

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

ANTHONY J. CALI,

Plaintiff,

-against-

JAPAN AIRLINES CO., LTD., et al.

Defendants.

Except for the possibility of sales in the United States of aircraft embodying the invention of the patent, the answers to the interrogatories do not appear to reach the point of the earlier decision. The "pool" question appears to evaporate with the responses to defendants' second interrogatories 8, 9, 10, 14, 15 and 16. Sales of aircraft embodying the invention of the patent might, if the patent is valid and infringed, have imposed a liability for a "royalty" on the sales value of the incorporated feature, but later use would be for account of the purchaser.

The motion for reconsideration must be denied. Whether that disposes of the case will evidently depend on whether the discovery and admission procedures satisfy counsel that there has been no use (or sale) not extraterritorial or embraced by the treaty and statute provisions referred to in the Memorandum and Order of

August 20, 1974, as interpreted in the Memorandum.

It is, accordingly,

Ordered that plaintiff's motion for reconsideration filed September 4, 1974, is denied.

Brooklyn, New York
November 6, 1974

s/
U.S.D.J.

JUDGMENT

(SAME TITLE)

An order of the Honorable John F. Dooling, Jr., United States District Judge, having been filed on February 4, 1975, directing the Clerk to enter judgment that plaintiff take nothing as against defendants Scandinavian Airlines System, Scandinavian Airlines System, Inc., and KLM Royal Dutch Airlines and dismissing the action as against such defendants and there being no just reason to delay entry of judgment, it is

ORDERED and ADJUDGED that the plaintiff take nothing as against defendants Scandinavian Airlines System, Scandinavian Airlines System, Inc., and KLM Royal Dutch Airlines and the action is dismissed as against such defendants.

Dated: Brooklyn, New York
February 5, 1975

s/Lewis Orgel
Clerk

JUDGMENT

(SAME TITLE)

An order of the Honorable John F. Dooling, Jr., United States District Judge, having been filed on February 4, 1975, directing the Clerk to enter judgment that plaintiff take nothing as against defendant Japan Airlines Co., Ltd. and dismissing the action as against defendant Japan Airlines Co., Ltd. without prejudice to a later action based on any alleged infringements occurring after October 26, 1973, it is

ORDERED and ADJUDGED that the plaintiff take nothing as against defendant Japan Airlines Co., Ltd., and the action is dismissed as against Japan Airlines Co., Ltd. without prejudice to a later action based on any alleged infringements occurring after October 26, 1973.

Dated: Brooklyn, New York
February 5, 1975

s/Lewis Orgel
Clerk

ORDER OF THE UNITED STATES COURT OF APPEALS

United States Court of Appeals
For the Second Circuit

At a stated Term of the Untptates Court of Appeals for the Second Circuit, held at the United States Courthouse in the City of New York, on the eighth day of Decemb3r ocovcc and seventy-five.

Present: Hon. Irving R. Kaufman, Chief Judge; Hon. J. Joseph Smith; Hon. Thomas J. Meskill, **Circuit Judges,**

TITLE

Appeal from the United States District Court for the Eastern District of New York.

This cause came on tohbe heard onhtlitv**liUnited States District Court for the Eastern District of New York, and was argued by counsel.

ON CONSIDERATION WHEREOF, it is now herebyd, and decreed that the judgments of said District Court be and they hereby are affirmed with costs to be taxed against the appellant.

A. DANIEL FUSARO
Clerk

by Vincent A. Carlin
Chief Deputy Clerk